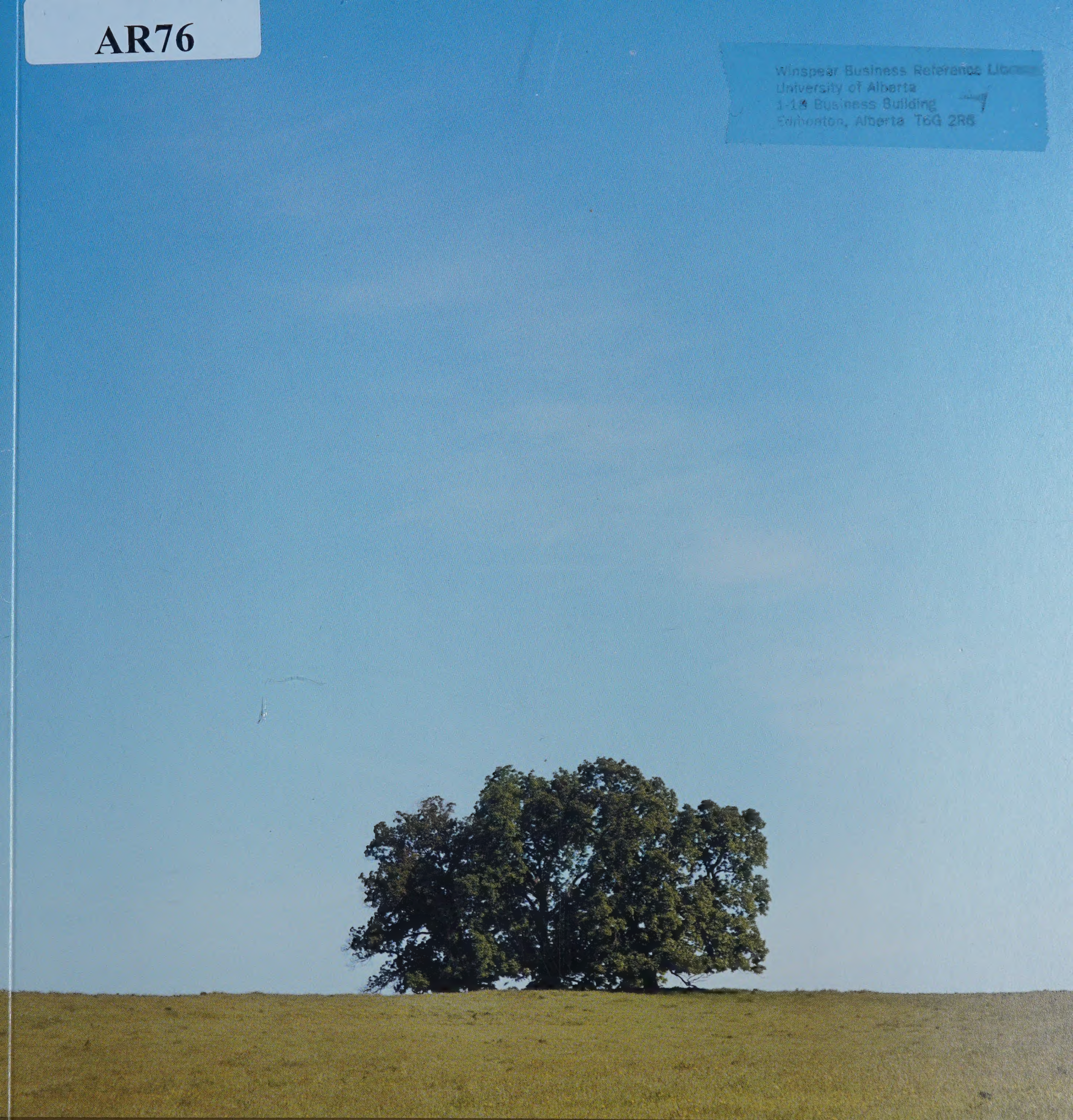
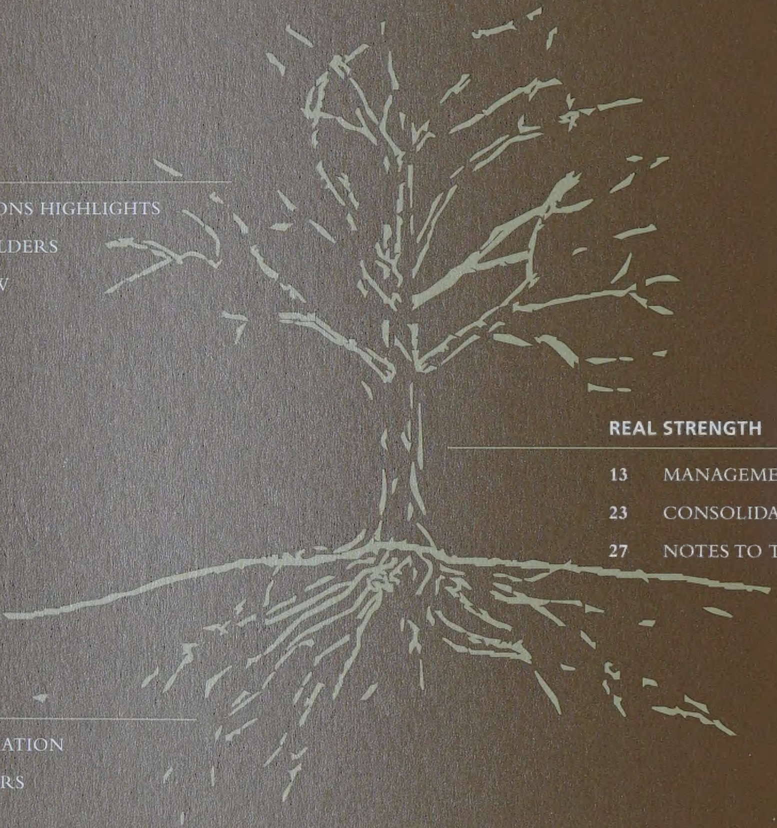


Solid Roots, Measured Growth

ARGO ENERGY LTD. | 2003 ANNUAL REPORT

Inside



MEASURED GROWTH

REAL STRENGTH

SOLID ROOTS

Argo Energy's Annual General Meeting of shareholders will be held on May 20, 2004 at 11:00 a.m. in the Strand/Tivoli Room at the Metropolitan Conference Centre, 333 - 4 Avenue S.W., Calgary, Alberta.

Profile

Argo Energy Ltd. is a junior energy company engaged in the exploration, exploitation and production of crude oil and natural gas. With our head office in Calgary, Argo's two core operating areas are based in North Central and Central Alberta. Production is comprised of approximately 50 per cent oil and 50 per cent natural gas.

Our aim is to deliver solid, measured growth for shareholders by focusing on opportunities that add value and minimize risk.

Shares of Argo Energy trade on the TSX Venture Exchange under the symbol **AAE**.

Highlights

FINANCIAL	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December 2002
Petroleum & natural gas revenue	$ 2,782,948	$ 15,235	$ 5,187,237	$ 21,737
Cash flow from operations	567,323	(102,187)	466,178	(160,269)
Net income/(loss)	(852,925)	(175,254)	(1,887,292)	(233,533)
Capital expenditures	39,380,124	1,332,417	50,889,523	9,680,804
Shares outstanding at period end				
- Basic	34,014,976	20,501,170	34,014,976	20,501,170
- Fully diluted	40,926,642	28,679,742	40,926,642	28,679,742
OPERATIONS				
Production Revenue				
Crude oil & liquids	747,401	2,145	962,304	8,647
Natural gas	2,035,546	13,090	4,224,933	13,090
Average Production				
Crude oil & liquids (bbls/d)	209	N/A	72	N/A
Natural gas (mcf/d)	3,768	N/A	1,865	26
Boe/d (6:1)	837	4	383	4
Average Selling Price				
Crude oil & liquids (per bbl)	36.70	31.60	36.70	31.60
Natural gas (per mcf)	5.87	6.12	6.20	6.12
Royalties				
Crown	385,297	2,488	769,422	2,966
Freehold & other	282,761	1,685	566,102	1,685
ARTC	(67,500)	-	(162,500)	-
Total	600,558	4,173	1,173,024	4,651
Operating expenses	594,627	4,878	1,100,331	7,080
$/boe	7.72	N/A	7.88	N/A
Depletion & accretion	1,208,802	8,999	2,550,024	9,196
$/boe	15.69	N/A	18.25	N/A

Message to Shareholders

A good indicator of where you're going is where you've been. Argo Energy's performance in 2003 is a prime example. Although we are a young company, we have deep roots in the oil and gas industry. I'm referring, of course, to our people.

The Argo team has an unparalleled depth of experience in the energy sector, and through our superior technical expertise, business excellence and commitment, we have delivered phenomenal growth over the past year.

Our team brings a rare combination of skills to the table. A number of our team members contribute expertise earned through leadership roles with a large independent producer. Others bring insights and exposure achieved through association with a dynamic oil and gas consulting company. The team's combined experience prior to Argo includes:

- Planning and management of a $600 million capital program resulting in increased production from 5,000 to 55,000 boe per day over a four-year period
- Drilling more than 3,000 wells
- Optimizing the performance of more than 300 fields
- Exposure to the operations of more than 50 companies, and related insights on best uses of technology and best practices for optimizing production and maximizing reserve recovery
- Evaluation and execution of almost $10 billion of oil and gas corporate and asset transactions

In addition to the solid operational and technical roots of our team, we have previous experience in the start-up and growth of a junior energy company. Our team led the formation of Argonauts Group Ltd. that grew to more than 1,700 boe per day. In 2002, the former team from Cypress Energy invested in Argonauts and used it as the starting vehicle for what is now Cequel Energy Inc.

I believe the nature of our roots, the wide exposure to the energy business, and varied experiences within the industry give us our competitive advantage. Our solid roots in this business are the reason we can deliver measurable growth in value for our shareholders.

Key Achievements in 2003

2003 was our first full year of operation, where we saw our first production in February after successfully exploiting the opportunity created from our Zoom Energy acquisition in 2002. From initial land holdings of five sections in the Sylvan Lake area of Central Alberta, we have now grown to 53 sections with production exceeding 6 mmcf per day.

Through crown and freehold acquisitions and strategic farm-ins, we have assembled a large consolidated land base that gives us a competitive advantage in exploiting the natural gas potential of the area. This dry sweet gas from less than 1,000 metres in depth requires minimal processing. We have also invested in a large pipeline network where we own and operate 100 per cent of the infrastructure. This allows us to control regional development and operating costs.

In 2003, we drilled 34 wells at Sylvan Lake with a 97 per cent success rate. By the end of the year, 14 of those wells were producing. Since year-end, an additional eight wells have been tied in and are producing. The remaining wells are in various stages of completion and tie-in. Sylvan Lake is an important recreational and farming area, and we are working with land owners and residents to continuously improve how we work together in developing these significant gas reserves and shortening cycle time.

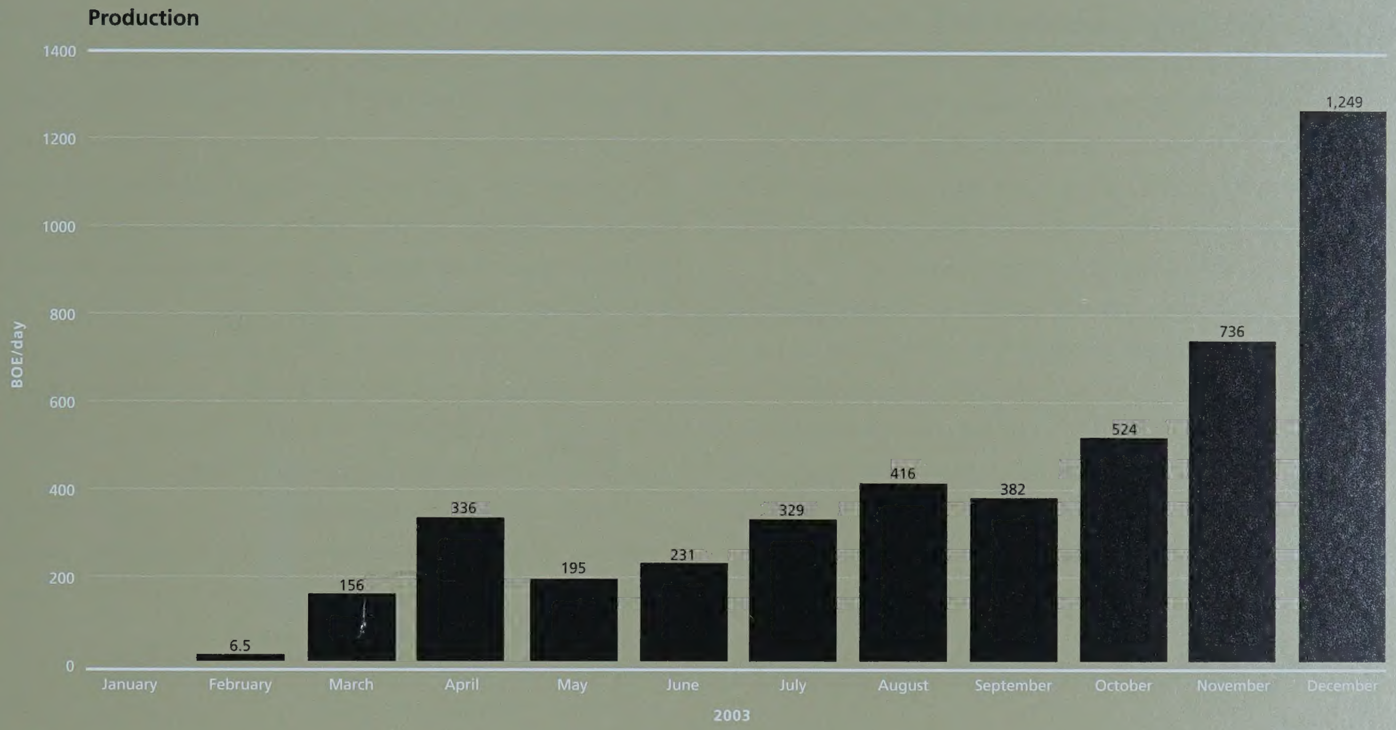
On December 5, 2003 we acquired Advantage Energy Corporation and related properties located at Gift/Little Horse. This was a strategic acquisition in that we brought in a team with worldwide experience in the optimization of oil and gas assets, who also have extensive knowledge of Western Canadian pools and best practices. The Advantage team advised on three of the largest corporate oil and gas acquisitions in the last few years. Advantage also negotiated a unique Participation Agreement with a large energy trust that provides up to $50 million of potential acquisitions and joint ventures. Under the terms of the Participation Agreement, we acquired properties in the Gift/Little Horse area located just north of Slave Lake that were producing approximately 650 barrels of oil per day. This effectively doubled the size of the company and allowed us to establish a second core area to complement our existing operations at Sylvan Lake.

The Gift/Little Horse property provided the company with a large inventory of optimization, workover and reactivation opportunities. Additionally, there are waterflood enhancement opportunities and we have access to an extensive 3D seismic database that has provided a drill inventory of potential Slave Point and Gilwood oil targets. This is also an area of potential gas development.

Since assuming operatorship of the property, we have almost doubled production by optimizing artificial lift systems, reactivating shut-in wells and recompleting wells to access more productive pay in the wellbores.

In December, Argo successfully closed a common share private placement financing for gross proceeds of $13.5 million. We were pleased by the fact that this offering was oversubscribed, with private placement of 6,750,000 common shares. This equity issue brought us greater exposure in the market and opened the door in 2004 to work with new partners to build value in the company. Proceeds from the financing were used to fund our development and exploration programs and reduce bank debt.

2003 Successes



- Enhanced our competitive position at Sylvan Lake with a consolidated land base of 53 sections
- Acquired Advantage Energy Corporation, effectively doubling the size of the company and adding a second core area at Gift/Little Horse
- Drilled a total of 34 natural gas wells with 97 per cent success rate
- Successfully closed common share private placement financing for gross proceeds of $13.5 million (6,750,000 common shares)
- Operated in excess of 90 per cent of our production, giving us greater control over results

Strategy: Deliver focused, measured growth

Argo's goal is to deliver focused, measured growth for shareholders. We do that by identifying and acquiring core areas where we can turn our technical expertise into value. As well as focusing our efforts geographically and technically, we also focus on opportunities that allow us greater control over results. Argo operates more than 90 per cent of our production.

Managing risk is a key factor in delivering measured growth. We seek solid, predictable growth. Every potential acquisition is evaluated according to its risk profile. We look to develop an inventory of opportunities that includes optimization, recompletions, reactivations and exploitation drilling. We choose properties that offer considerable development opportunity with the potential to grow regionally. The easiest place to find oil is where it has already been found. With average pool recoveries around 15 per cent, there is a large prize in exploiting these reserves through the appropriate application of technology and best practices.

Outlook for 2004

In the coming year, Argo will continue to exploit the potential of its current properties. We plan to drill 33 wells – 25 at Sylvan Lake and eight in the Gift/Little Horse area. As well, we intend to increase our working interest in both core areas through strategic acquisitions and synergistic farm-ins. We will also actively pursue high-value acquisitions that would allow us to establish additional core areas that are aligned with our growth strategy.

Optimistic Future

I have an unwavering belief in the continued success of Argo Energy. We have already come a long way in a short time – from a virtual start-up in late 2002 to a producer of 2,400 boe per day. If I were to highlight the single greatest predictor of future success, it would be the high level of employee commitment. Because many of us are highly invested in the company, we have a personal stake in its success.

Add to that the fact that we have some of industry's best and brightest people on our staff and our board, and we have a great formula for success. Our solid roots give us a definite competitive advantage as we grow our company.

I look forward to working alongside this exceptional team in 2004 to build value for our shareholders. On behalf of the entire team, I would like to thank all of our shareholders for their ongoing support and confidence in Argo Energy.

Bradley S. Johnson

Bradley Johnson
Chief Executive Officer

March 23, 2004

Operations Overview

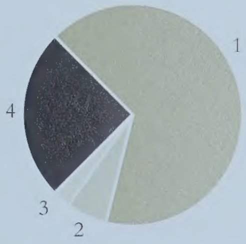
Argo averaged production of 383 boe per day with an exit rate in excess of 1,400 boe per day. Represented below is a profile of our core properties.

Gift/Little Horse

- 100% oil production
- 73 wells
- Plan to drill 8 wells in 2004
- Hold interest in three batteries, operate one
- Own and operate a water disposal facility
- Gas potential

Oil (mboe)

1 •	Proved developed producing	1,474
2 •	Proved developed non-producing	133
3 •	Proved undeveloped	57
	Total proved	1,664
4 •	Probable	554

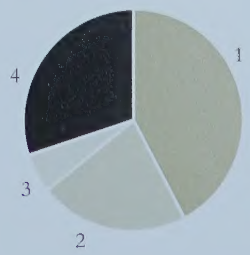


Sylvan Lake, Alberta

- 100% gas production
- 2003 production: 680,893 mcf gas, 8,308 bbls (NGLs)
- 34 wells (13 deep, 21 shallow)
- Plan to drill 25 wells in 2004
- Compressor @ 6-20; 10 mmcf/d capacity, 100% working interest
- 14.4-kilometre sales pipeline, 100% working interest, 28 mmcf/d capacity

Gas (mboe)

1 •	Proved developed producing	813
2 •	Proved developed non-producing	422
3 •	Proved undeveloped	110
	Total proved	1,345
4 •	Probable	576



2003 Production

Crude oil (bbls)	17,914
Natural gas (mcf)	680,893
NGLs (bbls)	8,308
Total (boe)	**139,705**
Average (boe/d)	383

Drilling

In 2003, we drilled 34 wells with a 97 per cent success rate. This success is largely a result of Argo's strategy to exploit known opportunities. Of the 34 wells, as of year-end 2003, 14 wells were producing, six were completed, nine awaited tie-in and four were yet to be completed. In 2004, the company plans to drill an additional 33 wells – 25 gas wells at Sylvan Lake and eight oil wells at Gift/Little Horse.

Land Position

As with production, Argo's land profile grew significantly in 2003. Land inventory at year-end 2003 is captured in the table below. It compares to 2002 year-end holdings at Sylvan Lake of 1,280 hectares (five sections) (gross and net).

2003 Land Inventory

Core Area	Gross (ha)	Net (ha)
Sylvan Lake		
Developed	7,815	5,092
Undeveloped	11,394	6,839
Gift/Little Horse		
Developed	4,160	2,108
Undeveloped	6,016	2,722
Developed	11,975	7,200
Undeveloped	17,410	9,561
Total	**29,385**	**16,761**

Corporate Reserve Estimation and Economic Evaluation

Argo's reserves were evaluated independently by AJM Petroleum Consultants ("AJM") as of December 31, 2003. Reserves are based on AJM's forecasts and are reported in accordance with National Instrument 51-101. See complete AJM report as of December 31, 2003 filed at www.sedar.com

Present Value of Reserves (AJM's 2004/01 Price Forecast)

	Natural Gas (mmcf)	NGLs (mbbls)	Light & Medium Crude Oil (mbbl)	Present Value Before Income Tax ($millions) Undiscounted	Discounted at 10%	15%	20
Proved							
Producing	4,840	6	1,474	40.25	28.67	25.38	22.91
Non-producing	3,135	10	190	12.69	8.63	7.65	6.90
Total proved	**7,975**	**16**	**1,664**	**52.94**	**37.30**	**33.03**	29.8[illegible]
Probable	**3,291**	**27**	**554**	**20.78**	**11.17**	9.04	7.58
Reserves (December 31, 2003)	11,266	43	2,218	73.72	48.47	42.07	37.40

Price Assumptions (AJM's 2004/01 Price Forecast)

Year	Inflation (%)	Exchange Rate ($US/$Cdn)	Crude Oil WTI – Cushing ($US/bbl)	Crude Oil Edmonton City Gate ($Cdn/bbl)	Natural Gas Alberta AECO Avg. Price ($Cdn/mcf)
2004	2.0	0.75	26.00	34.00	5.50
2005	2.0	0.75	25.50	33.25	5.20
2006	2.0	0.75	24.95	32.55	5.00
2007	2.0	0.75	25.45	33.20	4.80
2008	2.0	0.75	25.95	33.85	4.90

Present Value of Reserves (AJM's Constant Price at December 31, 2003)

	Natural Gas (mmcf)	NGLs (mbbls)	Light & Medium Crude Oil (mbbl)	Present Value Before Income Tax ($millions) Undiscounted	Discounted at 10%	15%	20%
Proved							
Producing	4,850	6	1,478	51.85	36.74	32.43	29.20
Non-producing	3,141	10	190	15.66	10.89	9.67	8.73
Total proved	**7,991**	**16**	**1,668**	**67.51**	**47.63**	**42.10**	**37.92**
Probable	**3,298**	**27**	**555**	**25.37**	**14.08**	**11.47**	**9.65**
Reserves (December 31, 2003)	11,289	43	2,223	92.88	61.71	53.57	47.57

Price Assumptions (AJM's Constant Price Forecast at December 31, 2003)

Year	Exchange Rate ($US/$Cdn)	Crude Oil WTI – Nymex ($US/bbl)	Crude Oil Edmonton City Gate ($Cdn/bbl)	Natural Gas Alberta AECO Avg. Price ($Cdn/mcf)
December 31, 2003	0.7673	32.79	40.68	6.11

Capital Expenses

2003 Argo Acquisition Capex (AEC Acquisition)		
Acquisition tangible	$	5,110,056
Acquisition intangible		20,440,226
Acquisition capex		25,550,282
2003 Argo Exploration & Development Expense		
Oil & gas property		558,098
Development		3,845,421
Exploration		7,997,372
Equipment & facilities		6,189,233
Workover		108,084
E&D capex	$	18,698,210
2002 Argo Acquisition Capex (Zoom Acquisition)		
Acquisition tangible/intangible	$	5,478,439
2002 Argo Expl. & Dev. Expense		
Total capex		3,073,340
Less other assets		82,988
E&D capex	$	2,990,352
Argo Since Inception Capex		
Acquisition		31,028,721
E&D		21,688,563
Grand total Argo capex since inception (includes fourth quarter 2002)	$	52,717,284

Finding, Development and Acquisition Costs

Because 2003 represents Argo's first full year of operations, the Company has provided information for finding, development and acquisition costs for the five quarters since inception in November 2002.

Total proved ($/boe)	$	16.37
Proved & probable ($/boe)	$	12.29

Reserve Life Index

December 2003 average production (mboe/d)	1,249
Proved reserves (mboe)	3,009
Proved reserve life index (years)	6.6
Proved plus probable reserves (mboe)	4,138
Proved plus probable reserve life index (years)	9.1

Reserve Life Index (RLI) is defined as the total reserve base of the company divided by the average production rate. Argo used the average production for December 2003 to calculate RLI.

Recycle Ratio

Operating netback ($/boe)	20.85
Proved finding, development and acquisition cost with future capital ($/boe)	16.37
Proved recycle ratio	1.3
Proved plus probable finding, development and acquisition cost with future capital ($/boe)	12.29
Proved plus probable recycle ratio	1.7

Recycle ratio is defined as operating netback (revenue minus operating expense minus royalties) divided by finding, development and acquisition cost.

Marketing

Argo did not hedge any of its production in 2003. Prices received for oil and gas fluctuate with market prices for these commodities. All gas and liquids are sold on the spot market. Average prices received are reflected in the table below.

2003 Average Price Realization for Products	
Natural gas (per mcf)	$6.20
Crude oil (per bbl)	$39.15
NGL (per bbl)	$31.42
Average corporate price (per boe, 6:1)	$37.13

Health, Safety and Environment

Argo Energy is committed to maintaining the highest standard of practices related to the health and safety of people, and care for the environment. The company operates in compliance with provincial and federal guidelines, and has developed an emergency response program for its employees and contractors. In addition, Argo also has a Health, Safety and Environment Committee at the senior leadership level that meets regularly to discuss the company's performance in this area and opportunities for improvement.

Management's Discussion and Analysis

The following discussion of the financial results for Argo Energy Ltd. ("Argo") should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2003. In 2002, the Company changed its year-end from March 31 to December 31, and accordingly the fiscal 2002 comparative amounts are for the nine-month period ended December 31, 2002. Readers are also referred to Argo's Annual Information Form, filed at www.sedar.com. This MD&A was prepared as of March 16, 2004. It contains certain forward-looking statements that involve known and unknown risks and uncertainties, such as changes in commodity prices and government regulations, which are beyond Argo's control. Actual results could differ materially from those expressed here.

Results of Operations

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December 2002
Financial Highlights				
Petroleum & natural gas revenue	$ 2,782,948	$ 15,235	$ 5,187,237	$ 21,[illegible]
Cash flow from operations	567,323	(102,187)	466,178	[illegible]
Net income/(loss)	(852,925)	(175,254)	(1,887,292)	(233,53[illegible]
Capital expenditures	39,380,124	1,332,417	50,889,523	9,680,804
Shares outstanding at period end				
- Basic	34,014,976	20,501,170	34,014,976	20,501,170
- Fully diluted	40,926,642	28,679,742	40,926,642	28,679,742
Operations				
Production Revenue				
Crude oil & liquids	747,401	2,145	962,304	8,647
Natural gas	2,035,546	13,090	4,224,933	13,090
Average Production				
Crude oil & liquids (bbls/d)	209	N/A	72	N/A
Natural gas (mcf/d)	3,768	N/A	1,865	26
Boe/d (6:1)	837	4	383	4
Average Selling Price				
Crude oil & liquids (per bbl)	36.70	31.60	36.70	31.60
Natural gas (per mcf)	5.87	6.12	6.20	6.12
Royalties				
Crown	385,297	2,488	769,422	2,966
Freehold & other	282,761	1,685	566,102	1,685
ARTC	(67,500)	-	(162,500)	
Total	600,558	4,173	1,173,024	4,651
Operating expenses	594,627	4,878	1,100,331	7,080
$/boe	7.72	N/A	7.88	N/A
Depletion & accretion	1,208,802	8,999	2,550,024	9,196
$/boe	15.69	N/A	18.25	N/A

Select information for the eight quarters from January 1, 2002 to December 31, 2003:

	Oct - Dec 2003	Jul - Sep 2003	Apr - Jun 2003	Jan - Mar 2003
Oil and gas sales, net of royalties	$ 2,182,389	$ 981,555	$ 660,062	$ 190,207
Depletion and amortization	(1,120,452)	(680,539)	(547,882)	(112,802)
Production expenses	(594,627)	(301,637)	(145,750)	(58,317)
General and administrative	(863,235)	(543,249)	(515,529)	(419,540)
Cash flow from operations	567,322	140,733	14,019	(255,896)
Net loss for the period	(852,925)	(445,806)	(373,863)	(214,698)
Loss per share	$ (0.040)	$ (0.020)	$ (0.018)	$ (0.010)
Weighted average number of shares	21,448,990	20,501,170	20,501,170	20,501,170

	Oct – Dec 2002	Jul – Sep 2002	Apr – Jun 2002	Jan – Mar 2002
Oil and gas sales, net of royalties	$ 11,061	$ 1,635	$ 4,389	$ -
Depletion and amortization	(8,999)	150	(150)	(197)
Production expenses	(4,878)	(1,353)	(849)	-
General and administrative	(104,289)	(8,543)	(8,479)	(48,963)
Cash flow from operations	(102,187)	(7,679)	(3,189)	(47,214)
Net loss for the period	(175,254)	(7,529)	(3,339)	(47,411)
Loss per share	$ (0.037)	$ 0	$ 0	$ (0.015)
Weighted average number of shares	4,476,468	3,246,472	3,246,472	3,246,472

In 2003, Argo began to generate results from its acquisition of Zoom Energy Ltd. which closed in late 2002. The Company carried out an active natural gas drilling program on this Sylvan Lake property throughout 2003. Expenditures associated with tie-ins and bringing wells on production were incurred throughout the year.

At the end of 2003, Argo had drilled 34 gross wells (28.6 net) at Sylvan Lake, with 14 gross wells (13.6 net) on production. The new public consultation requirements of the Alberta Energy and Utilities Board, which came into effect in October 2003, increased the time frame between the completion of drilling operations and initiation of production from the wells. Of the remaining 20 wells drilled, 19 were at various stages in the process of completion and tie-in at year-end, and one well was deemed uneconomic. As of March 20, 2004, 22 of the 34 wells had been brought on production; seven were completed and awaited tie-in; four awaited completion and one was deemed uneconomic. The Company plans to expand its gathering system after spring break-up 2004 to bring the remaining wells on production. In light of the new, more rigorous public consultation process, Argo anticipates completion of the gathering system and tie-in of the wells early in the third quarter of 2004. The Company plans to drill an additional 25 wells targeting Edmonton sand gas during the last half of the year. These Edmonton sand wells produce a dry, sweet gas that requires limited processing prior to sale.

In order to reduce the cycle time between drilling and production, Argo intends to secure all necessary approvals before drilling begins. This will allow the company to minimize the time between when capital is spent on drilling wells and when production starts. This will require longer front-end planning time in the drilling process.

On December 5, 2003, Argo acquired all of the issued and outstanding shares of Advantage Energy Corporation ("AEC") and related properties located at Gift/Little Horse. The purchase was funded through the issuance of 4.25 million common shares of Argo to the shareholders of AEC, and a $15.8 million cash payment after price adjustments. Approximately 20 per cent of the production was subject to escrow, which was released on January 5, 2004. With the acquisition of AEC, Argo acquired 646 barrels per day of light sweet crude production at Gift/Little Horse and roughly doubled the Company's production volumes.

Since acquiring the Gift/Little Horse properties, Argo has successfully completed 15 well interventions, including 10 optimizations, four reactivations and one water injector workover. As a result, production has increased from 646 boe per day in November 2003 to approximately 1,300 boe per day at the end of February 2004. Two of the reactivations are expected to each qualify for a 50,000-barrel royalty holiday because they had been suspended for more than 24 months. Production from the well interventions is expected to stabilize at a lower rate than what was being delivered at the time of writing. Argo has plans for 20 additional well interventions over the second and third quarters of 2004. Two new drills targeting Slave Point and Gilwood formations are planned to be completed prior the end of the first quarter in 2004, with six additional wells planned for the fourth quarter of 2004.

On closing of the AEC acquisition, co-founder and then President of AEC, Bradley Johnson, was appointed Chief Executive Officer of Argo, with Dennis Chorney continuing in his role as Argo's Chairman of the Board, and David Hall remaining as Argo's President and COO. As well, six key employees of AEC joined Argo, and Earl Hickok, a co-founder and Director of AEC and President and CEO of Tecskor Corporation, was appointed as a Director of Argo.

Production Revenue

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	**Year Ended December 2003**	Nine Months Ended December 2002
Production Revenue				
Crude oil	$ 699,026	$ –	$ 701,269	$ 5,620
Natural gas	2,035,546	13,089	4,224,933	13,089
NGL	48,376	2,146	261,035	3,028
Average Production				
Crude oil (bbls/d)	194	N/A	49	N/A
Natural gas (mcf/d)	3,768	26	1,865	6
NGL (bbls/d)	15	1	23	N/A
Boe/d (6:1)	837	5	383	1
Total production (boe)	77,048	487	139,705	487
Average Selling Price				
Crude oil (per bbl)	39.17	N/A	39.15	N/A
Natural gas (per mcf)	5.87	6.12	6.20	6.12
NGL (per bbl)	34.04	31.60	31.42	31.60
Average corporate price	36.12	33.09	37.13	33.09

Argo's total 2003 production was 139,705 boe (487 boe in 2002), using a conversion factor in which 6 mcf of gas equals one barrel of oil (6:1). Increases in 2003 production revenue were due mainly to the completion and tie-in of wells drilled on Argo's Sylvan Lake properties and, to a lesser extent, the acquisition of the Gift/Little Horse properties. Strong revenue in 2003 reflects the significant growth in production over the year, and in particular the growth during the fourth quarter, coupled with high commodity prices. Production growth has continued into Quarter 1, 2004 with estimated production of 2,400 boe/d at the time of writing.

Natural gas and NGL production from the Sylvan Lake property began on February 23, 2003. The Company received oil production from Gift/Little Horse for 26 days in December 2003.

All of Argo's 2003 production – oil, gas and NGLs – was sold on the spot market. In the first quarter of 2004, the Company agreed to fix the price through a costless collar transaction of 1,500 GJ per day of natural gas production from April 1, 2004 to October 31, 2004 at a floor of $5.50 per GJ and a ceiling of $6.05 per GJ and 1,500 GJ per day from April 1, 2004 to October 31, 2004 at a floor of $5.50 per GJ and a ceiling of $6.15 per GJ.

Royalties

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December [illegible]
Crown	$ 385,297	$ 2,488	$ 769,422	$ 2,96[illegible]
Freehold & Other	282,761	1,685	566,102	1,68[illegible]
ARTC	(67,500)	–	(162,500)	
Total	600,558	4,173	1,173,024	4,651
Crown ($/Boe)	5.00	6.92	5.51	[illegible]
Freehold & Other ($/Boe)	3.67	3.46	4.05	[illegible]
ARTC ($/Boe)	(0.88)	(1.73)	(1.16)	[illegible]
Total ($/Boe)	7.79	8.65	8.40	[illegible]

Total royalties paid by the Company for the year ended 2003 were $1,335,524 ($4,651 in 2002), net of Alberta Royalty Tax Credi[illegible] (ARTC) of $162,500 ($nil in 2002). Royalties, net of ARTC, as a percentage of sales, were 22.6 per cent for the year ended 20[illegible] compared to 26 per cent for the same period in 2002. The increase in royalties in 2003 was due to increased production for the yea[illegible] as royalties on a boe basis have remained relatively constant on a year-over-year basis. The acquisition of Gift/Little Horse changes t[illegible] composition of the royalties paid by the Company. Because of this, the percentage of crown royalties paid in 2004 will be higher [illegible] they have been to date.

Accretion Expense

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December 2002
Accretion Expense ($)	88,349	–	88,349	
Accretion Expense ($/boe)	1.15	–	0.63	–

Accretion expense is the present value of the Asset Retirement Obligation for the current year (see Notes to Financial Statements, 3(c)). Argo chose early adoption of a new Canadian Institute of Chartered Accountants (CICA) accounting policy section 3110 for Asset Retirement Obligation. To calculate accretion expense, the Company used a credit adjusted risk-free rate of seven per cent and the expected time of asset retirement of 21 years.

Depletion and Amortization

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December 2002
Depletion & Amortization ($)	1,120,452	9,196	2,461,675	9,196
Depletion & Amortization ($/boe)	14.54	18.88	17.62	18.88

Depletion expense for the fourth quarter of 2003 was $14.54 per boe compared to $17.62 per boe for the year – a decrease of 21 per cent. The depletion base reflects capital costs of approximately $5 million to pre-build pipeline infrastructure and a compressor station in anticipation of future growth. The pipeline has a capacity of 28.0 mmcf per day of gas, with average utilization during the fourth quarter of 5.0 mmcf per day. The compressor station has a current capacity of 10.0 mmcf per day and was constructed to allow additional compression to be added very cost effectively through a modular design. This additional capacity is expected to be utilized by increased drilling activity on the Company's land base at Sylvan Lake and by third party processing. As reserves are added, the Company benefits from a large portion of the infrastructure which is already in place, resulting in lower depletion on a boe basis as evidenced in Quarter 4, 2003.

The reserve base used to calculate depletion rate includes only the 20 wells that were completed at year-end and does not include the 14 wells that were drilled and cased by the end of the fourth quarter. The capital spent, to drill and case these wells, is included in the cost base. As these wells are completed, the reserve base is expected to increase, leading to a lower per unit depletion rate.

Over the next year, Argo's actual depletion and amortization rate per boe will depend on its drilling success and ability to purchase properties and add proven reserves at a reasonable cost.

Production Expenses

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December 2002
Production Expenses ($)	594,627	4,878	1,100,331	7,080
Production Expenses ($/boe)	7.72	14.54	7.88	14.54

Production expense, net of processing income, for 2003 was $1,100,331 ($7,080 in 2002). The Company's higher expenses are attributed to increased costs associated with increased production during the year. Roughly 50 per cent of production expense at Sylvan Lake is attributed to the cost of rental compression. In 2004, Argo plans to mitigate this expenditure by purchasing the rental compressors at Sylvan Lake. Total production expense on a per boe basis is expected to decrease in 2004 as production increases.

General and Administrative Expense

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December 2002
General & Administrative ($)	863,235	104,289	2,341,553	170,2[illegible]4
General & Administrative ($/boe)	11.20	214.15	16.76	349.[illegible]4

At a per boe rate of $16.76, Argo's G&A expense was necessarily high in 2003 as a result of staffing the Company during its start-up phase. Staffing costs contributed 58 per cent of the G&A expense, office rent was 6.7 per cent, outside services (financing, legal reserve evaluations) were 15.6 per cent, and marketing, travel and entertainment were 5.1 per cent. Argo's G&A costs per boe will decrease as production increases. Approximately 75 per cent of our G&A expense is fixed and 25 per cent is variable.

Interest Income

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December 2002
Interest Income ($)	8,047	–	55,127	-

The Company's interest income was earned as a result of investment in short-term money market investments from equity financing proceeds received in December 2002. These funds were used to support the Company's operations in 2003.

Interest Expense

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002	Year Ended December 2003	Nine Months Ended December 2002
Interest Expense ($)	77,992	–	86,278	-

In late 2003, Argo used its bank credit facilities, in part, to finance capital programs and acquisitions. It is expected that interest expense will increase in 2004 as the Company increases its credit facilities to support the growth in production and reserves through its capital program and acquisitions.

Income Taxes

In 2003, Argo recorded a tax recovery of $371,000 ($99,000 in 2002) consisting of a future tax recovery of $446,000 ($99,000 in 2002). This 2003 tax recovery was offset by the current year's capital tax of $75,000 (nil in 2002), due to the fact that the Company now is required to pay large corporation tax. The future tax recovery is somewhat lower than expected given the pre-tax loss of $2,258,292, mainly as a result of the non-deductibility of crown royalties and a tax loss which expired in 2003.

Drilling and Capital Expenditures

	Year Ended December 2003	Nine Months Ended December 2002
Land acquisition	$ 558,098	$ 716,144
Seismic, geological & geophysical	374,610	–
Drilling and completions	11,584,317	1,861,477
Equipment and facilities	6,189,233	412,731
Other	251,079	73,793
Asset retirement obligation	1,196,904	65,220
Future taxes on AEC acquisition	5,185,000	–
Corporate and property acquisitions	25,550,282	6,551,439
	$ 50,889,523	$ 9,680,804

Property, plant and equipment expenditures increased to $50,889,523 in 2003 ($9,680,804 in 2002). On December 5, 2003, Argo closed the acquisition of the AEC-Gift/Little Horse properties for $25,550,282. Capital expenditures of $18,957,337 were incurred mainly as a result of drilling and developing infrastructure at Sylvan Lake. In addition, future taxes were incurred on the AEC acquisition of $5,185,000 and an asset retirement obligation was booked for $1,196,904. In 2003, Argo drilled 34 wells (28.6 net) at its Sylvan Lake property, completed 20 wells, and tied in 14 natural gas wells that were brought on production during the year.

An additional 17,921 gross (10,651 net) hectares of undeveloped land were acquired on our Sylvan Lake project during the year. At year-end, the Company had a total of 29,385 gross (16,761 net) hectares of land, of which 17,410 gross (9,561 net) hectares were undeveloped.

Argo estimates it will spend approximately $17 million on capital expenditures in 2004. The bulk of the expenditures are expected to be spent on drilling, completions, equipment and facilities. If larger property or corporate acquisitions become available, capital expenditures in 2004 could significantly exceed the preliminary estimate. The actual capital expenditures in 2004 will depend on a number of factors, including available cash flow and other sources of financing, drilling opportunities, and success in property and/or corporate acquisitions.

Working Capital, Liquidity and Capital Resources

The working capital deficiency at December 31, 2003 was $14,865,618 (including bank debt totaling $10,947,187) compare working capital surplus of $7,042,100 at December 31, 2002.

Argo pursued a three-part financing program in 2003. In June, the Company acquired a $5 million revolving demand loan $3 million revolving reducing demand loan to support the Sylvan Lake capital program. In October, Argo increased its r demand loan to $16.2 million and maintained its $3 million revolving reducing demand loan. A new $3 million bridge demand was also obtained from the Company's principal lender. The $22.2 million credit facility was used, in part, to fund the acquisi the AEC Gift/Little Horse properties and continue with development at Sylvan Lake. Argo had a combined $18 million credit fa at year-end 2003. Additionally, the company raised $13.5 million through a private placement equity financing. These funds wer to repay the bridge demand loan, reduce bank debt and provide working capital for the continued development of the (properties.

Argo's bank is currently reviewing the Company's results, along with the updated reserve report, and Argo expects an in the amount available to the Company under the loan facility as a result of this review. On an ongoing basis, the Company will use three sources of funding to finance its capital expenditure program; internally generated cash flow from operations, bank debt appropriate, and new equity issues if available on favorable terms. When financing corporate acquisitions, Argo may also assun future liabilities. In addition, the Company may adjust its capital expenditure program depending on the commodity price o The 2004 capital program, estimated at $17 million, is expected to be funded primarily by internally generated cash flow.

Risks and Uncertainties

Argo is exposed to operational risks inherent in exploring for, developing and producing crude oil and natural gas. The Company's operations may be delayed or unsuccessful for many reasons, including cost overruns, lower oil and natural gas prices, equipment shortages, mechanical and technical difficulties and labour problems. Drilling activities, in particular, are subject to many risks and uncertainties including unforeseen technical problems that could lead to blowouts and the risk that no commercially productive reservoirs will be encountered. In addition, there are numerous uncertainties in estimating oil and natural gas reserves and in projecting future production, costs and expenses, and the results, timing and costs of exploration and development projects. The oil and natural gas industry is extremely competitive, and Argo may not be able to compete successfully with some of its larger, well-established competitors. Any of these risks could result in the total quantity or timing of production to vary significantly from reserves and production estimates made by management or others.

An insurance program is maintained to mitigate risks and to protect against significant losses, while maintaining levels of risk within the Company, which management believes to be acceptable. While Argo believes that its liability, property and business interruption insurance is adequate and consistent with industry participants of Argo's size, the Company is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims.

The prices of and demand for oil and natural gas fluctuate for reasons largely beyond the Company's control. Both oil and natural gas prices are extremely volatile and very difficult to predict. Significant downward fluctuations in the price of oil and natural gas may have a significant impact on Argo's revenue. Significant upward fluctuations in the price of oil and natural gas may increase the competition in the industry and restrict the Company's ability to compete on a cost-effective basis. Argo will monitor and, when appropriate, may utilize derivative financial instruments and physical delivery contracts to hedge its exposure to commodity price fluctuation risks. However, there are many risks inherent in any commodity hedging program including; counter-party risk, foregoing increases in price above the hedge price, margin calls, inability to physically deliver the commodity, paying royalties on a higher market or reference price, and negative public market sentiment on an out-of-the-money hedging program.

Argo's operations may be adversely affected by changes in governmental policies, regulations or taxation concerning the Canadian oil and natural gas industry. Changes in any of these areas may significantly increase the Company's costs or adversely affect its ability to conduct business.

The Company's operations are highly dependent on its executive officers and key personnel. The unexpected loss of the services of any of these people could have an adverse effect on the Company.

Bradley L Johnson

Bradley Johnson
Chief Executive Officer

Willey Wong
Vice President Finance & CFO

Management's Report

Preparation of the accompanying financial statements and all information in this annual report is the responsibility of the [illegible] of Argo Energy Limited. The financial statements have been prepared by management in accordance with generally accepted [illegible] principles and, in the opinion of management, present fairly the financial position and results of operation of the Company [illegible] acceptable limits of materiality. The Company maintains appropriate systems of internal controls to safeguard assets and [illegible] and timely financial and operating reporting.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial [illegible] ultimately responsible for reviewing and approving the financial statements. The accuracy of the financial reporting has been [illegible] by the Company's external auditors, BDO Dunwoody LLP.

Bradley Johnson
Chief Executive Officer

Auditors' Report

To the Shareholders of Argo Energy Ltd.

We have audited the consolidated balance sheets of Argo Energy Ltd. as at December 31, 2003 and 2002 and the consolid[illegible] of operations and deficit and cash flows for the year and nine month period then ended, respectively. These consolidated fin[illegible] statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these [illegible] financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require [illegible] and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material [illegible] An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial [illegible] An audit also includes assessing the accounting principles used and significant estimates made by management, as well as [illegible] overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the [illegible] as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the year and nine month period then [illegible] respectively, in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants
Calgary, Alberta, February 12, 2004
(except for Note 16(b) which is dated February 23, 2004)

Consolidated Balance Sheets

As at December 31	2003	2002 (restated - Note 3(c))
ASSETS		
Current		
Cash	$ 9,173	$ 973,663
Short-term investment	–	6,995,000
Accounts receivable	3,437,564	140,519
Prepaid expenses and deposits	149,067	30,013
	3,595,804	8,139,195
Deposit (Note 5)	–	375,000
Property, plant and equipment (Note 6)	58,108,652	9,680,804
	$ 61,704,456	$ 18,194,999
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 6,392,150	$ 1,097,095
Large corporation taxes payable	75,000	–
Bank loans (Note 7)	11,994,272	–
	18,461,422	1,097,095
Future income taxes (Note 9)	5,973,000	1,291,000
Provision for asset retirement obligation (Note 3(c))	1,350,473	65,220
	25,784,895	2,453,315
Equity Instruments (Note 8)	44,214,438	22,393,640
Subscriptions receivable (Note 8(i))	(275,000)	(269,925)
Contributed Surplus (Note 3(b))	249,446	–
Deficit	(8,269,323)	(6,382,031)
	35,919,561	15,741,684
	$ 61,704,456	$ 18,194,999

Approved on behalf of the Board:

Dennis Chorney
Chairman

James Howe
Director

	For the year ended December 31, 2003	[illegible] month period [illegible] December [illegible] (restated – [illegible])
Revenue		
Petroleum and natural gas sales	$ 5,187,237	$ [illegible]
Royalties, net of royalty tax credits	(1,173,024)	[illegible]
	4,014,213	[illegible]
Expenses		
Accretion of asset retirement obligation	88,349	
Depletion and amortization	2,461,675	[illegible]
General and administrative	2,341,553	[illegible]
Interest	86,278	[illegible]
Production	1,100,331	[illegible]
Stock based compensation (Note 3(b))	249,446	[illegible]
Impairment of property, plant and equipment	-	[illegible]
	6,327,632	[illegible]
Loss from operations	(2,313,419)	[illegible]
Other income (loss)		
Interest and other	55,127	
Write-off of note receivable	-	[illegible]
	55,127	[illegible]
Loss before income taxes	(2,258,292)	[illegible]
Income taxes (Note 9)		
Large corporation tax	75,000	
Future (recovery)	(446,000)	[illegible]
	(371,000)	[illegible]
Net loss for the period	(1,887,292)	[illegible]
Deficit, beginning of period, as previously stated	(6,382,031)	[illegible]
Restatement, asset retirement obligation (Note 3(c))	-	[illegible]
Deficit, beginning of period, restated	(6,382,031)	[illegible]
Deficit, end of period	$ (8,269,323)	$ [illegible]
Loss per share (Note 10)		
Basic loss per share	$ (0.088)	$ (0.052)

Consolidated Statements of Cash Flows

	For the year ended December 31, 2003	For the nine month period ended December 31, 2002
Cash flows from operations		
Net loss for the period	$ (1,887,292)	$ (233,533)
Adjustments for:		
Accretion of asset retirement obligation	88,349	-
Depletion and amortization	2,461,675	9,196
Future income taxes	(446,000)	(99,000)
Stock based compensation	249,446	-
Write-off of note receivable	-	87,898
Impairment of property, plant and equipment	-	75,170
Cash flow from operations	466,178	(160,269)
Changes in non-cash working capital		
Accounts receivable	(3,296,970)	476,806
Prepaid expenses and deposits	(119,054)	(10,332)
Accounts payable and accrued liabilities	1,118,757	49,038
Large corporation taxes payable	75,000	-
	(1,756,089)	355,243
Cash flows from financing activities		
Issue of convertible debentures	-	1,100,000
Proceeds from subscriptions receivable	269,925	-
Proceeds from bank loan	11,994,272	-
Issue of share capital, net of issue costs	12,968,285	11,132,981
	25,232,482	12,232,981
Cash flows from investing activities		
Cash (bank indebtedness) acquired on acquisition	-	(221,006)
Cash paid for acquisition, including transaction costs	-	(2,284,438)
Advances from (to) subsidiary before acquisition	(805,000)	497,360
Deposit	-	(375,000)
Purchases of property, plant and equipment (Note 14(e))	(30,630,883)	(2,259,340)
Repayments of note receivable	-	13,270
Proceeds (purchase) of short-term investment	6,995,000	(6,995,000)
	(24,440,883)	(11,624,154)
Increase (decrease) in cash	(964,490)	964,070
Cash, beginning of period	973,663	9,593
Cash, end of period	$ 9,173	$ 973,663

Notes to the Financial Statements

1. Nature of Operations

Argo Energy Ltd. ("the Company") was incorporated on February 23, 1995 under the Canada Business Corporations Act under the name Pegaz Energy Inc. and changed its name effective October 8, 2002 to Argo Energy Ltd. The principal business activities include th evaluation, acquisition, exploration and development of oil and gas properties. The Company's common shares are listed on the TS Venture Exchange.

2. Summary of Significant Accounting Policies

The consolidated financial statements of the Company have been prepared by management in accordance with Canadian accepted accounting principles. The preparation of consolidated financial statements in conformity with Canadian generally accepte accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolid financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statemen in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the fi of the significant accounting policies summarized below:

(a) Consolidation

For the year ended December 31, 2003, the consolidated financial statements include the accounts of the Company and owned subsidiaries, Zoom Energy Inc. ("Zoom"), and 974494 Alberta Inc. All significant inter-company accounts and tran have been eliminated.

(b) Property, Plant and Equipment

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and dev oil and gas reserves are initially capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carryi charges on non-producing properties, costs of drilling and overhead charges directly related to acquisition and exploration act

Costs capitalized, together with the costs of production equipment, are depleted and amortized on the unit-of-production meth based on the estimated gross proved reserves as determined by independent petroleum engineers. Petroleum products and converted to a common unit of measure, using 6 mcf of natural gas to 1 barrel of oil.

Costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These unevaluat properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or th is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to deple calculations.

Proceeds from a sale of petroleum and natural gas properties are applied against capitalized costs, with no gain or loss recognized unless such a sale would significantly alter the rate of depletion by more than 20%. Alberta Royalty Tax Credits are netted agains royalties paid.

The Company applies an impairment test ("ceiling test") to determine if capitalized costs are not recoverable and exceed their fair value. Capitalized costs are not recoverable if they are greater than estimated undiscounted cash flows from future production of prov reserves plus the cost (net of impairment) of unproved properties. Commodity prices used in calculating estimated cash inflows are based on quoted benchmark prices in the futures market. Costs used in estimating cash outflows are based on expected future production and other costs and include abandonment and site restoration costs. An impairment loss is recognized if capitalized costs are greater than their recoverable amount. The impairment loss is measured as the amount by which capitalized costs exceed the fair value of proved and probable reserves plus the cost (net of impairment) of unproved properties. Fair value is determined based on the present value of future cash flows, after deducting abandonment and site restoration costs, discounted at a risk-free interest rate. Any impairment loss is charged to earnings.

Office equipment is recorded at cost. Amortization is provided on a declining balance basis at 20%.

(c) Joint Venture Operations

All of the Company's petroleum and natural gas exploration activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

(d) Flow-through Shares

Expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are to be renounced to investors in accordance with income tax legislation. Share capital is reduced by the estimated cost of the renounced tax deductions when the expenditures are incurred and renounced.

(e) Future Income Taxes

The Company uses the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(f) Financial Instruments

The Company carries a number of financial instruments as detailed on the balance sheet. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(g) Measurement Uncertainty

The amounts recorded for depletion and amortization of petroleum and natural gas properties and equipment and the provision for accretion of asset retirement obligations are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes and estimates in future periods could be significant.

(h) Per Share Amounts

Basic earnings (loss) per common share are computed by dividing earnings from operations by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

(i) Short-term Investment

Short-term investment is an investment in shares of a money market mutual fund and is carried at lower of cost or market. As at December 31, 2003, the fair market value of the shares was $nil (2002 - $6,995,000).

(j) Revenue Recognition

Revenue is recognized on the sale of production and is net of transportation costs when title passes from the Company to its customer.

3. Reporting Change in Accounting Policies

There have been several changes in the financial reporting and securities regulatory environment in 2003 that have impacted the Compa[illegible] and all public companies. The Company elected to implement early adoption provisions of the standards.

(a) **Full Cost Accounting Guideline** – In September 2003, the Canadian Institute of Chartered Accountants ("CICA") issued Accoun[illegible] Guideline 16 "Oil and Gas Accounting – Full Cost" to replace CICA Accounting Guideline 5. The new guideline revised [illegible] calculations for the ceiling test calculations (Note 2(b)). The new guideline is required to be adopted for fiscal years beginnin[illegible] after January 1, 2004. The Company implemented this new guideline in 2003 in accordance with the transitional provision[illegible] encouraged early adoption.

(b) **Stock Based Compensation and Other Stock Based Payments** – In September 2003, the CICA issued an amendment t[illegible] 3870 "Stock based compensation and other stock based payments." The amended section is effective for fiscal years beginnin[illegible] after January 1, 2004. The amendment requires that companies measure all stock based payments using the fair value m[illegible] accounting and recognize the compensation expense in their financial statements. The Company implemented this amended [illegible] in 2003 in accordance with the early adoption provisions of the standard. Per the transitional provisions, early adoption [illegible] compensation expense be calculated and recorded in the income statement for options and warrants issued on or after January [illegible]

The impact of adopting the new accounting for stock based compensation on the consolidated balance sheets and stat[illegible] earnings is:

Change in consolidated balance sheet as at	**December 31, 2003**	Decemb[illegible]
Increase		
Contributed surplus	$ 249,446	$

Change in consolidated statement of operations	**For the year ended December 31, 2003**	For [illegible] month period [illegible] December 31, 20[illegible]
Increase		
Stock based compensation	$ 249,446	$

The fair value of share options was estimated using the Black-Scholes option-pricing model with the following assumptions: Divid[illegible] yield ($ nil), expected volatility (0.39 to 0.48), risk-free interest rate (5.0%), and weighted average life of 5 years.

In the prior period, the Company did not record compensation expense when stock options were issued to employees. [illegible] compensation expense related to employees been determined based on the fair value at the grant dates, the net income and earnings per share for the nine month period ended December 31, 2002 would have been reduced to the pro forma amounts indicated [illegible]

Net loss	- as reported	$ (233,533)
	- pro forma	$ (383,533)
Loss per share	Basic and Diluted	
	- as reported	$ (0.052)
	- pro forma	$ (0.086)

(c) The new CICA standard dealing with accounting for asset retirement obligations which the Company has early adopted for December 31, 2003, changes the method of accruing for certain site-restoration costs. Under the new standard, the fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred, which is typically when the related assets are acquired, installed, drilled or completed. Amounts recorded for the related assets are increased by the amount of these obligations. Over time the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. There are no asset retirement liabilities set up for those assets which have an indeterminate useful life.

The impact of adopting the new accounting standard for asset retirement obligations on the consolidated balance sheet and statement of earnings, is based on expected cash flows discounted at 7%.

Change in consolidated balance sheet as at	December 31, 2003	December 31, 2002
Increase (decrease)		
Property, plant and equipment	$ -	$ 65,220
Asset retirement obligation	$ 88,349	$ 65,220

Change in consolidated statement of operations and deficit	For the year ended December 31, 2003	For the nine month period ended December 31, 2002
Increase (decrease)		
Accretion expense	$ 88,349	$ -
Deficit	$ -	$ (18,375)

As the Company had minimal oil and gas operations in the comparative nine-month period ended December 31, 2002, there is no material impact of adopting the asset retirement obligation standard on the 2002 reported loss from operations.

4. Business Combination

(a) The Company has effected the purchase of all the shares of Advantage Energy Corporation ("AEC") in 2003 via the issuance of 4,250,030 common shares with an attributed value of $2.00 per share for total consideration of $8,500,060. The acquisition of AEC has been accounted for by the purchase method, with the Company being the acquirer, based on the fair values of the assets or liabilities acquired, as follows:

	Book Value	Fair Value	Discrepancy
Current assets	$ 75	$ 75	$ -
Current liabilities	(1,180,000)	(1,180,000)	-
Working capital deficiency	(1,179,925)	(1,179,925)	-
Property, plant and equipment [1]	11,402	14,864,985	14,853,583
Future income liability	-	(5,185,000)	(5,185,000)
Net assets acquired	$ (1,168,523)	$ 8,500,060	$ 9,668,583
Purchase price -value attributed to 4,250,030 shares issued		$ 8,500,060	

[1] These assets were acquired by AEC from its parent pursuant to an agreement effected on a rollover basis

AEC had the option to acquire certain oil and gas properties ("optioned property") for $19,000,000, subject to price adjustments. The Company acquired AEC, in part, so as to be able to purchase the optioned property. As a result, the entire purchase pri[illegible] discrepancy has been allocated to oil and gas properties.

As at December 31, 2002, the Company had advanced $375,000 to AEC for the acquisition of property, plant and equipment [illegible] certain participation and property acquisition rights. In 2003, the Company further advanced $805,000 for the purchase of suc[illegible] property, plant and equipment and rights.

Immediately after this acquisition, all of the assets of AEC were transferred to the Company and AEC was dissolved. The Company acquired the optioned property for the option price available to AEC of $15,724,770, after price adjustments.

(b) In 2002, the Company purchased all the shares of Zoom for cash consideration of $3,990,000 ($1.33 for each Zoom share) (the "[illegible] Consideration") and the issuance of 2,000,000 shares of the Company to the shareholders of Zoom. In addition, each shareholde[illegible] Zoom was given the option to elect to receive 1 share of the Company valued at $1.55 per share in lieu of all or a portion of the [illegible] Consideration (the "Election").

The acquisition of Zoom has been accounted for by the purchase method, with the Company being the acquirer, based [illegible] fair values of the assets or liabilities acquired, as follows:

(restated – Note 3(c))	Book Value	Fair Value	Discre[illegible]
Current assets	$ 1,107,655	$ 1,107,655	$
Current liabilities	(967,341)	(967,341)	
Working capital	140,314	140,314	
Property, plant and equipment	876,128	7,430,977	6,554,8[illegible]
Asset retirement obligation	(65,220)	(65,220)	
Future income taxes	–	(1,073,000)	[illegible]
Net assets acquired	$ 951,222	$ 6,433,071	[illegible]

Purchase price	
- value attributed to 2,000,000 shares issued	$ 2,400,000
- transaction costs	43,071
- cash [1]	3,990,000
	$ 6,433,071

[1] Net cash paid to the Zoom shareholders was $2,247,956 as a result of 1,000,860 shares issued pursuant to the Election. The Zoom shareholders were also required to exercise all of their warrants and options outstanding prior to the acquisition. Prior to the acquisition, there were 266,500 warrants outstanding exercisable to 1 common share at $0.40 per share and 226,750 share purchase options outstanding exercisable to 1 common share at $0.40 per share. The majority of the Zoom shareholders were loaned mone[illegible] exercise these warrants and options and as such, the repayment of these loans were netted against the consideration pai[illegible] Company to the Zoom shareholders. One of the Zoom shareholders paid $6,589 cash for the exercise of the Zoom warrants. [illegible] reconciliation of the gross $3,990,000 consideration to the net $2,247,956 consideration is as follows:

Gross consideration	$ 3,990,000
Shares in lieu of Cash Consideration pursuant to the Election	(1,551,333)
Repayment of Zoom shareholder loans pursuant to the exercise of Zoom warrants and options before the acquisition	(190,711)
Net consideration	$ 2,247,956

5. Deposit

On December 27, 2002, the Company signed a letter of intent for certain participation rights. The deposit was fully refundable in the event that a formal agreement was not entered into. The deposit was advanced to AEC for their purchase of certain participation and property acquisition rights (Note 4(a)). As the acquisition was completed (Note 4(a)), the deposit was reflected as part of the purchase price.

6. Property, Plant and Equipment

	Cost	Accumulated Depletion and Amortization	Net Book Value
December 31, 2003			
Petroleum and natural gas properties	$ 60,579,523	$ 2,470,871	$ 58,108,652
December 31, 2002 (restated – Note 3(c))			
Petroleum and natural gas properties	$ 9,690,000	$ 9,196	$ 9,680,804

During the nine month period ended December 31, 2002, the Company determined that the properties on hand at March 31, 2002 were permanently impaired. As such, an impairment allowance of $75,170 was recorded and all of the prior properties held by the Company were written off.

As at December 31, 2003, the unproved property costs excluded from the depletion base is $1,054,118.

7. Bank Loans

During the year, the Company arranged for a $15,000,000 revolving demand loan to assist in the acquisition of properties (Note 4(a)). The Company has the option of financing any portion of the loan with Banker's acceptances. The loan bears interest at the bank's prime rate plus 0.25%. Secondly, the Company arranged for a $3,000,000 revolving reducing (at option of bank) operating demand loan for general corporate purposes including capital expenditures. The loan bears interest at the bank's prime rate plus 0.50%. Thirdly, the Company arranged for a $3,000,000 bridge demand loan to assist in the acquisition. The bridge demand loan was outstanding for one day and was repaid in full. The loan bears interest at the bank's prime rate plus 2%. These loans are secured by a general assignment of book debts and a $25,000,000 debenture with a floating charge over all assets of the Company. As at December 31, 2003, the Company was indebted on these loans in the amount of $10,947,187 as follows:

	2003
Banker's acceptance [1]	$ 4,997,187
Revolving reducing operating demand loan	3,000,000
Non-revolving acquisition/development demand loan	2,950,000
	$ 10,947,187

[1] The Company issued a Banker's Acceptance of $5 million with a 35 day term at 4.07% (including the banker's stamping fee of 1.25%) per annum.

8. Equity Instruments

(a) Authorized

- Unlimited number of common shares with participating rights upon liquidation or distribution of the assets of the Company
- Unlimited number of Class B common shares with participating rights upon liquidation or distribution of the assets of [illegible] Company
- Unlimited number of first rank preferred shares, non-voting, which may be issued in one or more series, with such rigl[illegible] conditions as may be determined by the Board of Directors

(b) Issued

	December 31, 2003		December 31	
	Number of shares	Amount	Number of shares	
Common shares				
Balance, beginning of period	20,501,170	$ 26,687,821	3,246,471	$ 10,180,00[illegible]
Issued for cash via private placement (Note 8(g))	-	-	3,500,000	[illegible]
Conversion of convertible debenture (Note 8(h))	-	-	3,666,667	[illegible]
Conversion of Class B common shares	-	-	300,000	[illegible]
Issued pursuant to business combination (Note 4)	4,250,030	8,500,060	2,000,000	[illegible]
Issued pursuant to the Election (Note 4(b))	-	-	1,000,860	[illegible]
Issued for cash via private placement				
- flow-through (Note 8(f))	-	-	847,500	1,695[illegible]
- common (Note 8(e), 8(f))	6,750,000	13,500,000	5,939,672	9,20[illegible]
Issued for the exercise of warrants (Note 8(h))	2,450,001	735,000	-	
Issued for share issue costs (Note 8(e))	63,775	125,000	-	
Balance, end of period	34,014,976	49,547,881	20,501,170	26[illegible]
Class B common shares				
Balance, beginning of period	-	-	300,000	[illegible]
Conversion of Class B common shares	-	-	(300,000)	[illegible]
Balance, end of period	-	-	-	

During the comparative nine-month period ended December 31, 2002, the Company effected a 10 to 1 stock consolidation [illegible] amounts have been restated to give effect to this stock consolidation.

	December 31, 2003		December 31, 2002	
	Number of Warrants	Amount	Number of Warrants	Amount
Warrants				
Balance, beginning of period	7,345,239	-	178,572	-
Exercised	(2,450,001)	-	-	-
Expired	(178,572)	-	-	-
Issued for financing costs (Note 14(b))	20,000	20,453	-	-
Issued on private placement	-	-	3,500,000	-
Issued on conversion of debentures	-	-	3,666,667	-
Balance, end of period	4,736,666	20,453	7,345,239	-
Share issue costs, net of future tax effect	-	(2,614,952)	-	(1,908,237)
Tax effect of flow-through share expenditures incurred	-	(2,738,944)	-	(2,385,944)
Total equity instruments	-	$ 44,214,438	-	$ 22,393,640

(c) Common Share Warrants

The following table summarizes information about the common share warrants outstanding at December 31, 2003:

Warrants Outstanding	Warrant Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants Currently Exercisable	Weighted Average Exercise Price of Warrants Currently Exercisable
4,716,666	$ 0.30	$ 0.30	0.83 years	4,716,666	$ 0.30
20,000	$ 2.36	$ 2.36	1.92 years	20,000	$ 2.36
4,736,666		$ 0.31	0.83 years	4,736,666	$ 0.31

The following table summarizes information about the common share warrants outstanding at December 31, 2002:

Warrants Outstanding	Warrant Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants Currently Exercisable	Weighted Average Exercise Price of Warrants Currently Exercisable
7,166,667	$ 0.30	$ 0.30	1.83 years	7,166,667	$ 0.30
178,572	$ 2.80	$ 2.80	0.08 years	178,572	$ 2.80
7,345,239		$ 0.36	1.79 years	7,345,239	$ 0.36

(d) Stock Options

The Company has granted stock options to various directors, consultants, and employees of the Company as follows:

	Number of Shares	Option Price per Share Range	Weighted Average Exercise Price
Options - outstanding, March 31, 2002	175,000	$ 0.65	$ 0.65
- expired	(175,000)	$ 0.65	$ 0.65
- granted	1,350,000	$ 0.15 - $ 1.44	$ 0.77
Options - outstanding, December 31, 2002	1,350,000	$ 0.15 - $ 1.44	$ [illegible]
- cancelled	(250,000)	$ 1.44	$ 1.44
- granted	1,075,000	$ 2.10 - $ 2.35	$ 2.1[illegible]
Options outstanding, December 31, 2003	**2,175,000**	**$ 0.15 - $ 2.35**	$ 1.38
Options exercisable at December 31, 2003	**1,083,333**	**$ 0.15 - $ 2.33**	$ [illegible]
Options exercisable at December 31, 2002	833,333	$ 0.15 - $ 1.44	$ 0[illegible]

The following table summarizes information about the stock options outstanding at December 31, 2003:

Options Outstanding	**Options Price**	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life**	**Number of Warrants Currently Exercisable**	Weighted Average Exercise Price of Warrants Currently Exercisable
700,000	**$ 0.15**	**$ 0.15**	**3.75 years**	**700,000**	$ 0.1[illegible]
400,000	**$ 1.44**	**$ 1.44**	**4.00 years**	**283,333**	$ [illegible]
825,000	**$ 2.10**	**$ 2.10**	**4.92 years**	**-**	[illegible]
150,000	**$ 2.33**	**$ 2.33**	**4.16 years**	**-**	[illegible]
100,000	**$ 2.35**	**$ 2.35**	**4.42 years**	**100,000**	$ 2.3[illegible]
2,175,000		**$ 1.38**	**4.30 years**	**1,083,333**	$ 0.69

The following table summarizes information about the stock options outstanding at December 31, 2002:

Options Outstanding	Options Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Warrants Currently Exercisable	Weighted Average Exercise Price of Warrants Currently Exercisable
700,000	$ 0.15	$ 0.15	4.83 years	700,000	$ 0.15
650,000	$ 1.44	$ 1.44	5.00 years	133,333	$ 1.44
1,350,000		$ 0.77	4.91 years	833,333	$ 0.37

e) **Private Placement**

During the year ended December 31, 2003, the Company issued 6,750,000 common shares at $2.00 per share for gross proceeds of $13,500,000 (less share issue related costs of $1,116,715 for net proceeds of $12,383,285) of which $125,000 of the share issue costs were paid by the issuance of 63,775 common shares.

(f) **Private Placement**

During the nine-month period ended December 31, 2002, the Company issued 5,939,672 common shares at $1.55 per share and 847,500 flow-through common shares at $2.00 per flow-through common share for net proceeds of $10,877,906.

(g) **Private Placement**

During the nine-month period ended December 31, 2002, the Company issued 3,500,000 Units at $0.15 per Unit for proceeds of $525,000. Each Unit consisted of one common share and one warrant. Each warrant is exercisable into 1 common share of the Company at $0.30 per share anytime after November 14, 2003 until November 15, 2004.

(h) **Conversion of Debenture**

On August 16, 2002, the Company issued a convertible debenture for $1,100,000. The convertible debenture was to mature on October 15, 2002, bearing an annual interest rate of 10%. In the prior period, the debenture was converted at the rate of one common share and one common share purchase warrant for each $0.30 of principal amount, at the Company's option and each warrant was exercisable at a price of $0.30 per common share. All of these warrants were exercised in 2003 (Note 8(i)). The debenture was secured by all the issued and outstanding shares of the Company's wholly owned subsidiary. The proceeds from the debenture were used for exploration and development and working capital purposes.

(i) **Subscription Receivable**

During the period ended December 31, 2003, the Company issued loans totaling $275,000 to exercise an aggregate of 916,667 warrants. The loans are interest free and have been repaid subsequent to year end.

During the nine month period ended December 31, 2002, the Company issued loans totaling $269,925 to acquire an aggregate of 174,145 shares pursuant to the private placement (Note 8(f)). The loan was interest free and has been repaid during 2003.

9. Income Taxes

The effective tax rate of income tax varies from the statutory rate as follows:

		2003		2002
Combined tax rates		40.0%		40.0
Expected income tax provision at statutory rate	$	(903,000)	$	(133,000
Federal resource allowance		(74,000)		16,000
Crown charges		277,000		
Stock based compensation		100,000		
Expired losses		216,000		-
ARTC		(60,000)		-
Future tax rate decrease		(36,000)		-
Other permanent differences		34,000		18,00
Actual income tax provision	$	(446,000)	$	(99,00

At the end of the period, subject to confirmation by income tax authorities, the Company has approximately the following undeducted tax pools:

		2003		2002
Cumulative Canadian development expenses	$	4,815,100	$	347,5
Cumulative Canadian exploration expenses		5,627,400		1,110,50
Cumulative Canadian oil and gas property expenses		12,361,200		705,200
Undepreciated capital cost		9,419,100		443,90
Cumulative eligible capital		675,600		
Non-capital losses carried forward for tax purposes with various expiration dated between 2004 and 2009		6,569,400		3,743,900
Undeducted share issue costs carried forward		1,016,300		18,900
	$	40,484,100	$	6,369,900

These pools are deductible from future income at rates prescribed by the Canadian Income Tax Act.

The components of the Company's future income tax liability are a result of the origination and reversal of temporary differences and are comprised of the following:

Nature of temporary differences		2003		2002
Property, plant and equipment	$	8,756,000	$	2,797,000
Share issue costs		(372,000)		(8,000)
Unused tax losses carry forward		(2,411,000)		(1,498,000)
Future income tax liability	$	5,973,000	$	1,291,000

10. Loss Per Share

The basic loss per share is based on common shares issued and outstanding for the period.

	2003	2002
Weighted average number of shares outstanding - basic	21,448,990	4,476,468

Diluted loss per share has not been disclosed as the effects of share conversions and the exercise of options and warrants would be anti-dilutive.

11. Financial Instruments

As disclosed in Note 2(f), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to fair value and industry credit risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Commodity Price Risk

The Company will be subject to commodity price risk for the delivery of natural gas and crude oil. The Company will manage and minimize the risk by entering into various joint ventures with sub-participants.

(b) Credit Risk

A significant portion of the Company's trade accounts receivable are from working interest partners in the oil and gas industry and, as such, the Company is exposed to all the risks associated with that industry.

(c) Interest Rate Risk Management

The Company's short-term borrowings are subject to floating rates. The floating rate debt is subject to interest rate cash flow risk. The required cash flows to service the debt will fluctuate as a result of changes in market rates.

As at December 31, 2003, the increase or decrease in net earnings before taxes for each 1% change in interest rates on floating rate debt, amounts to approximately $120,000 per annum. The related disclosure regarding these debt instruments is included in Note 7 of these financial statements.

12. Related Party Transactions

(a) During the period ended December 31, 2002, the Company issued 8,119,958 common shares and 187,500 flow-through common shares to directors and officers (and their immediate family members and controlled corporations) of the Company as part of regular issues, and at the same price as granted to third parties.

(b) During the year ended December 31, 2003, the Company paid $116,000 in fees to an officer and director of the Company for legal services. In 2002, the Company paid $16,000 to an officer of the Company for engineering consulting services.

(c) During the year ended December 31, 2003, the Company had receivables outstanding from two directors for $225,000 for exercise of warrants. The full amounts were collected and were repaid in full by February 19, 2004.

(d) During 2002, $140,500 was loaned interest free to a director and officer of the Company for the private placement (Note 8(f)). The loan was outstanding for a total of only 18 days. It was made on December 20, 2002 and was repaid in full on January 7, 2003.

These transactions with related parties are in the normal course of operations and have been recorded at the exchange amounts, which is the amount of consideration established and agreed by the related parties and which are similar to those negotiable with third parties.

13. Commitments

The Company has entered into a lease agreement to lease premises until December 30, 2004. The lease calls for base monthly payments of $9,890, plus a proportional share of operating costs.

14. Statement of Cash Flows

(a) Interest Paid

		2003		2002
Interest paid	$	86,278	$	-

(b) Business Combination

During the year, the Company issued 4,250,030 shares for the acquisition of AEC with an ascribed fair value of $2.00 per share (Note 4(a)). The Company also issued 20,000 warrants as transaction costs in order to obtain financing for this acquisition with a value of $20,452. Each warrant is exercisable at a price of $2.36 per common share until their expiry on April 4, 2006.

(c) **Subscription Receivable**

During the year, the Company issued 916,667 common shares pursuant to the exercise of warrants for which the cash consideration was held by the Company's Transfer Agent, which was received by the Company in early 2004. In 2002, pursuant to a private placement, $269,925 remained as a receivable for 174,145 common shares which was collected in early 2003.

(d) **Business Combination**

During 2002, the Company issued 2,000,000 shares for the acquisition of Zoom with an ascribed fair value of $1.20 per share (Note 4(b)) representing a 20% block discount from market prices of $1.55. In lieu of a portion of the cash consideration, the Company also issued 1,000,860 common shares at $1.55 per share (Note 8(f)).

(e) **Property, plant and equipment**

Non-cash transactions that have occurred in property, plant and equipment are:

i) The purchase of the property, plant and equipment of AEC with a fair value of $14,864,985.
ii) Warrants were issued with a value of $20,452, in connection with the AEC purchase.
iii) Included in accounts payable at December 31, 2003 were $4,176,298 of property, plant and equipment costs.
iv) An asset retirement obligation of $1,196,904 was recorded in property, plant and equipment.
v) Associated depletion and amortization expense recorded was $2,461,675.

15. Contingencies

The Company is subject to various regulatory and statutory requirements relating to the protection of the environment. These requirements, in addition to contractual agreements and management decisions, result in the accrual of estimated future removal and site restoration costs. These costs are accrued on the unit of production basis. Any changes in these estimates will affect future earnings.

Costs attributable to these commitments and contingencies are expected to be incurred over an extended period of time and are to be funded mainly from the Company's cash provided by operating activities. Although the ultimate impact of these matters on net earnings cannot be determined at this time, it could be material for any one quarter or year.

16. Subsequent Events

(a) Subsequent to the year end, the Company issued 500,000 common shares from the exercise of 500,000 warrants for proceeds of $150,000.

(b) On February 23, 2004, the Company entered into a subscription agreement to purchase 29,074,000 shares (40%) of a private engineering company which specializes in coal bed methane processes for $1,500,000. The company produces coal bed methane and has prospective undeveloped lands for coal bed methane production. The purchase price will be paid in 3 installments, with the first installment on February 23, 2004 in the amount of $500,000. The next two payments will be on or before April 1, 2004 for $500,000 and April 23, 2004 for $500,000.

Corporate Information

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Chartered Accountants

Banker

National Bank of Canada

Trustee/Transfer Agent & Registrar

Olympia Trust Company

Stock Exchange

TSX Venture Exchange

Trading Symbol

AAE

Independent Engineering Consultant

AJM Petroleum Consultants

Directors

Dennis Chorney
Dave Hall
Earl Hickok [1,2,3]
James Howe [1,2]
Daniel Remenda [2,3]
David Tuer [1,3]
John Zang

Officers

Dennis Chorney	Chairman & Managing Director
Bradley Johnson	Chief Executive Officer
Dave Hall	President & COO
Willey Wong	Vice President Finance & CFO
Ted Hanbury	Vice President, Business Development
Dwayne Romansky	Vice President, Operations
John Zang	Corporate Secretary

[1] Audit Committee
[2] Compensation Committee
[3] Reserves Committee

Abbreviations

ARTC	Alberta Royalty Tax Credit
boe	barrels of oil equivalent (6,000 cubic feet of natural gas being equivalent to one barrel of oil)
boe/d	barrels of oil equivalent per day
mboe	thousands of barrels of oil equivalent
mmboe	millions of barrels of oil equivalent
mmbtu	millions of British thermal units
bbl	barrels of oil or natural gas liquids
bbl/d	barrels of oil or natural gas liquids per day
mbbl	thousands of barrels of oil or natural gas liquids
GJ	gigajoule
ha	hectares of land
mcf	thousands of cubic feet
mcf/d	thousands of cubic feet per day
mmcf	millions of cubic feet
mmcf/d	millions of cubic feet per day
mstb	millions of stock tank barrels of oil
NGLs	natural gas liquids
WTI	West Texas Intermediate

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